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JUN 30 1986

MEMORANDUM FOR: Deputy Director for Administration

FROM:


Acting Director of Personnel

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SUBJECT: New Initiative for FY 1988-89
Retirement Administration Theme

1. The new initiative on Retirement Administration approved by EXCOM provides four positions for the Office of Personnel (OP). When the theme package was being put together by the Office of Finance last April, however, we asked for three additional positions for OP. It has come to my attention that these three positions were not approved. In view of the importance attached to the successful administration of the new retirement program, I feel compelled to bring this shortfall to your attention.

2. I have carefully reviewed OP's responsibilities in light of the new Federal Employees Retirement System signed into law on 6 June, as well as its current role in the administration of CIARDS, and concluded that our projected staffing is inadequate. The magnitude of OP's responsibilities in executing the internal administration of four complex retirement programs will require more than the four positions. To meet our increased requirements, it is imperative that the following four positions be included in the Retirement Administration theme package:

- The need for one position to deal with automation issues became apparent when we began our detailed analysis of the approved legislation. This position is needed beginning in FY-88 for a Systems Analyst in the Information Systems Division, OP. The incumbent of this position would be tasked with the development, implementation, and maintenance of the programs required to automate retirement records. The records currently are maintained manually and require considerable analysis to develop estimates of retirement benefits. A computerized system of records will enable us to generate annuity estimates quickly and to provide employees with comparisons of annuities under various retirement scenarios. Employees must have accurate comparative data on the retirement options available to them, if they are to make informed choices regarding retirement.

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- Three additional positions, two for FY-90 and one for FY-92, are needed for Retirement Officers in our Retirement Division. These three new positions are necessary to provide the level of services required by the new law, and to handle the workload that will result from administering four separate retirement programs -- the Civil Service Retirement System, CIARDS, FERS, and the FERS Special Category. These new positions will allow us to handle the increased number of retirees who prior to the FERS were handled by the Office of Personnel Management. The Agency now must accommodate a build up of approximately 250 new retirees each year who must be provided Agency retirement services as a result of changes in marital status, questions on annuity payments, processing and counseling on survivor annuities, and a multitude of other related activity.

3. I realize that the Agency is facing budget reductions in the next few years. However, because of the new retirement legislation, we must have adequate staffing to administer these programs. Your consideration and approval of the above positions would be appreciated. If you need any additional information regarding this requirement, please have a member of your staff contact me or Executive Officer, CP.

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Attachment:
Retirement Administration (CPB5)

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NEW INITIATIVE - CPB-5
(Thousands of Then-Year Dollars)

Directorate ADMINISTRATION
 Category GENERAL SUPPORT
 CEC SUPPORT SERVICES
 EC OFFICE OF FINANCE
 New No. NO. 1

Page 1 of 2 for this InitiativeInitiative Name: RETIREMENT ADMINISTRATION

	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY</u>	<u>FY</u>
Total Dollars	\$1,681	\$ 732	\$ 800	\$ 500	\$ 500		
Positions	15	13	13	13	13		

Description/Benefits:

The new Federal government supplemental retirement system and the breakdown of security procedures with the Office of Personnel Management has placed the Offices of Finance and Personnel in the position of having to assume a wider range of responsibilities. The administration of individuals retiring under Civil Service will be added to the administration of CIARDS retirees and will place a considerable amount of detailed record keeping and briefing requirements on Agency personnel. The new Thrift Savings Plan will require considerable effort and several changes to existing system applications as well as developing new system applications. The magnitude of the effort is aggravated by the complexities of the legislation. Regulations, procedures, controls, new accounts, and audit capability must interface with existing procedures and systems. Individual thrift accounts must be maintained for each individual, contributions must be allocated among the various investment choices, a capability must exist to provide loans and to collect the loan repayments, maintenance of the various controls on contributions must be assured, arrangements for the transmission of funds in a secure manner to OPM and procedures to balance the accounts between OPM and the Agency must be established, and a capability to process changes that can be submitted by individuals every six (6) months. This eventually involves all Agency personnel and is a major project.

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Funds in FY-88 will support nine (9) FTE (salary and benefits \$296K) and provide funds for initiating contracts with vendors (\$1,175K) to produce the programs that will be necessary to maintain the records and pay the benefits. Programs will be developed by OF for the financial applications, OP for the personnel applications, and OIT for the interfacing of these programs to current systems. In addition there will be the cost of the hardware (\$210K) to operate the applications. FY-89 FTE will be thirteen (13) with funds to cover the FTE (salary and benefits \$382K). ADP services (\$350K) will cover additional funds needed to continue developing the programs that will be needed to operate the system.

The result of all the effort that must be initiated before 1 January 1987 will be a system that will assure maintenance of the appropriate data, proper controls, and integrity to the process. Security will be improved by preventing the names of our employees from being identified. Extra effort will be made to assure that an efficient process will be developed and that the impact on resources will be as minimal possible. These are the benefits.

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BREAKDOWN OF REQUIREMENTS:

	<u>Positions</u>	<u>Dollars</u>
<u>OFFICE OF PERSONNEL</u>	4 FT	
Equipment	1 PT	
Software Development		
<u>OFFICE OF FINANCE</u>	7 FT	
Software Development		
<u>OFFICE OF INFORMATION TECHNOLOGY</u>	4 FT	
Software Development		
TOTALS.....	15 FT.....	
	1 PT.....	

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